A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 5 MAY 1986

DEMAND REMAINS STRONG

Demand for paper and paperboard in April remained in the record-high range it reached in the first quarter of 1986. The trend position for April 1986 (the average of the seasonally adjusted annual rates for March and April) was at a rate of 68.4 million tons per year, above the comparable totals for the two preceding years and only 3.5% behind the all-time record trend position of 70.8 million tons per year reached in January of this year. The total paper and paperboard tonnage produced for the January-April period was 3.2% over production in the same period of 1985.

Paper: April brought no major changes to the trends that the various grades of paper have followed since the beginning of the year. Production of total printing and writing paper grades again showed gains compared with a year ago, with uncoated free sheet papers particularly strong. The tissue paper grades also showed consistent advances on 1985 levels with this month's production up 3.2%, the strongest comparison so far this year. Newsprint production climbed to 0.3% above the comparable 1985 figure after lagging behind by an ever-narrowing gap ranging from 1% to 2% for the past five months. On the downside, the packaging and industrial paper grades followed along their end-of-1985 track as well, losing further ground.

Newsprint production posted an annual rate of 5,511,000 tons in the first four months of 1986, somewhat higher than the 5,428,000 tons produced in 1985 and almost the same as the 5,539,000 tons in 1984. This gain reflected, in part, the strength in consumption by daily newspaper publishers, which accounts for about 77% of total consumption of these grades in the U.S. On a seasonally adjusted basis, shipments to these markets in the first quarter of 1986 were 1.7% above 1985 levels, continuing the brisk pace that began in December of last year. Imports, at 8.6 million tons per year, were only 1% over a year ago in the first quarter of 1986; however, exports, at a 311,000 tons per year rate, were off by 7.1%.

Production of uncoated groundwood was at an annual rate of 1,461,000 tons, 3.4% below the first four months of 1985 and 4.0% behind the total for the year. Unfilled orders rose and the

Continued on Page 2

COPYRIGHT © 1986 AMERICAN PAPER INSTITUTE 260 Madison Avenue New York, N.Y. 10016

backlog at the end of April amounted to 1.03 months of supply, 19% higher than the backlog at the beginning of the year. Also on the positive side, imports in the first quarter dropped 13.8% from last year to 964,000 tons per year while exports gained more than 33%, rising to an annual rate of 52,000 tons.

Coated paper shipments have shown mixed trends, with orders above shipments in the first three months and below shipments in April. Shipments averaged 6.0 million tons per year for this entire period, 6.3% below the year-ago rate but about 1.4% above the total for all of 1985. The declining value of the dollar may be having some impact in this market: imports of these papers were 31% below their year-ago level in the first quarter of 1986, accounting for 7.2% of the new supply, compared to 7.9% for all of 1985.

Demand for uncoated free sheet papers remains strong, as reflected in both production and imports, up 7.6% and 54.3% over their respective year ago levels. At an annual rate of 484,000 tons, imports for the first quarter accounted for 4.6% of total consumption in the U.S., compared with 3.8% in all of 1985 and only 1.6% in 1980. At the same time, some of the upward pressure in the market has diminished. The backlog of unfilled orders is in the vicinity of 0.5 to 0.6 months of supply, edging down to 461,000 tons at the end of April 1986 from 474,000 at the end of 1985.

Shipments of unbleached kraft papers continued their lacklustre performance, losing 0.5% during the first four months of this year compared with the same level of a year ago, after a loss of 7.5% from 1984 to 1985. Displacement of kraft grocer's sacks and multi-walled sacks by film-based products probably contributed to these declines, although sluggish end-use markets for shipping sacks (particularly for agriculture-related areas) and a partial shift in the industry to downsized kraft grocer's sacks are also contributing factors.

PAPERBOARD: The 4.8% gain in total paperboard production was fairly well distributed among its various grades. On a seasonally adjusted basis, the first four months of 1986 posted an annual rate of 34.4 million tons per year, which is 3.6% above the total for 1985. These gains were fueled by increases in production for export throughout the grade structure.

Advances in production of the various grades were as follows: unbleached kraft paper board was up 4.2% over January-April of 1985, semi-chemical up 5%, and solid bleached and recycled paperboard gained 6.4 and 5.4% respectively.

Although shipments of corrugated shipping containers as reported by the Fibre Box Association for the January-April period were 6.0% over last year, production of containerboard for domestic

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

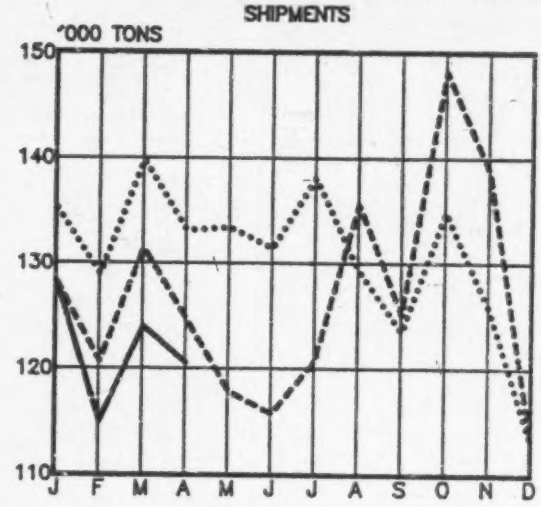
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	JAN. 1986	FEB. 1986	MAR. 1986	APR. 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	463	434	489	451	5511	0.3
- Shipments	5584	5417	427	434	486	452	5393	-1.7
Printing & Writing sum	18395	18465	1658	1531	1669	1552	19231	2.1
Groundwood Paper - Shipments	1565	1519	128	115	124	120	1461	-3.4
- New Orders	1575	1480	142	114	125	129	1530	12.8
-Unfilled Orders	140	106	118	116	115	126	126	44.8
Coated Papers - Shipments	6249	5875	521	489	504	473	5957	-6.3
- New Orders	6281	5642	547	491	533	450	6061	3.9
- Unfilled Orders	575	393	400	401	426	409	409	-5.8
Unctd Free Sheet - Shipments	9207	9773	893	810	914	839	10367	7.6
- New Orders	8939	9727	890	830	892	829	10321	7.9
- Unfilled Orders	430	510	474	497	468	461	461	-7.0
Thin Papers - Shipments	267	241	23	28	27	21	296	12.8
Cotton Fiber Paper - Shipments	147	145	13	12	13	13	152	4.7
Bleached Bristols - Production	959	912	81	78	87	86	997	9.3
Tissue Paper - Production	4921	4941	428	391	431	433	5048	3.2
Total Packaging & Other Paper	5555	5210	436	405	446	443	5188	-1.0
Unbl. Kraft Paper - Shipments	3666	3410	290	263	293	293	3418	-0.5
Other Paper - Production	1889	1800	145	142	152	151	1770	-1.9
TOTAL PAPER-Production-Unadj. *	34409	34044	2985	2761	3034	2880	34977	1.5
-Production-S.A. *			2947	2883	2891	2846	34700	1.5
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25489	2259	2078	2285	2251	26618	4.7
Total Unbl. Kraft Paperboard	17185	16434	1461	1325	1469	1446	17104	4.2
Unbl. Kraft Linerboard (1)	16037	15262	1354	1223	1354	1334	15793	3.1
Production for Export	2086	1756	173	151	199	150	2022	27.6
Other Unbl. Kraft Paperboard	1149	1192	107	102	115	112	1311	19.6
Semichemical Paperboard	5169	5084	443	416	438	443	5222	5.0
Production for Export	149	189	18	13	15	15	183	16.8
Solid Bleached Paperboard	4048	3972	355	337	378	361	4292	6.4
Production for Export	478	459	31	41	44	49	496	7.8
Recycled Paperboard	7637	7701	681	637	675	681	8022	5.4
Production for Export	17	14	2	2	2	2	26	76.9
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33190	2940	2715	2960	2932	34640	4.8
- Containerboard Prod.(Dom. Use)	20993	20353	1784	1635	1734	1776	20787	1.7
- Boxboard Prod.(Dom. Use) (2)	5783	5750	503	485	536	504	6081	3.8
- All Other P'bd Prod.(D.U.) (2)	4531	4669	428	388	430	435	5045	11.2
- Total Paperbd Prod. for Export	2731	2417	225	207	260	217	2726	23.1
TOTAL PAPERBOARD PROD.- S.A. *			2934	2862	2788	2875	34381	4.9
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68449	67234	5924	5476	5994	5812	69617	3.2
Production - S.A. *			5881	5745	5680	5721	69081	3.2

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

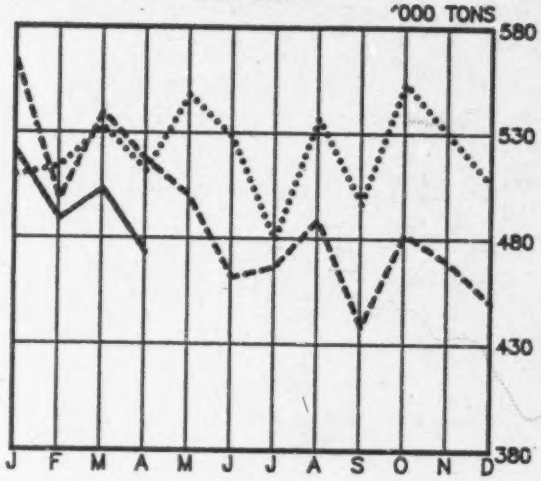
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



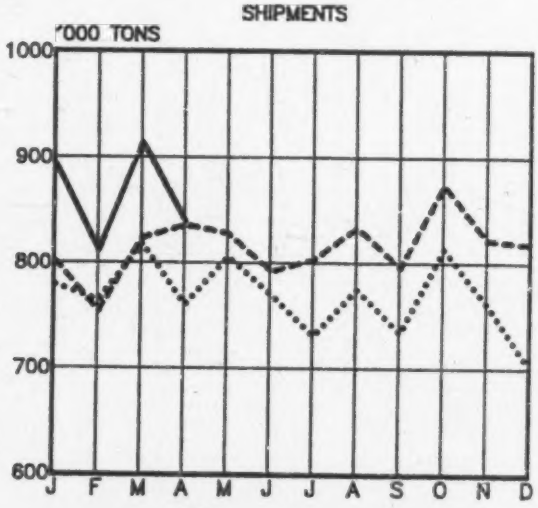
COATED PAPER

SHIPMENTS



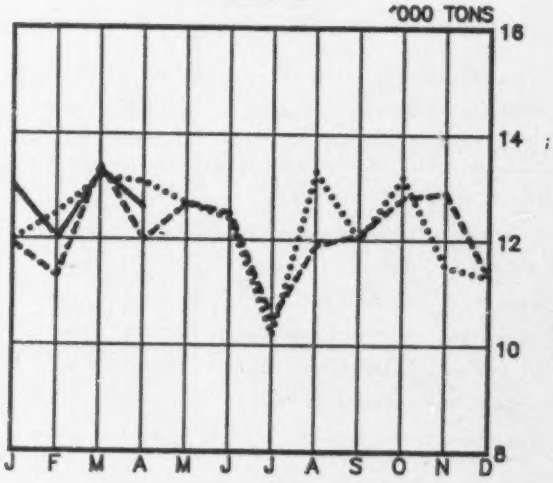
UNCOATED FREE SHEET PAPERS

SHIPMENTS



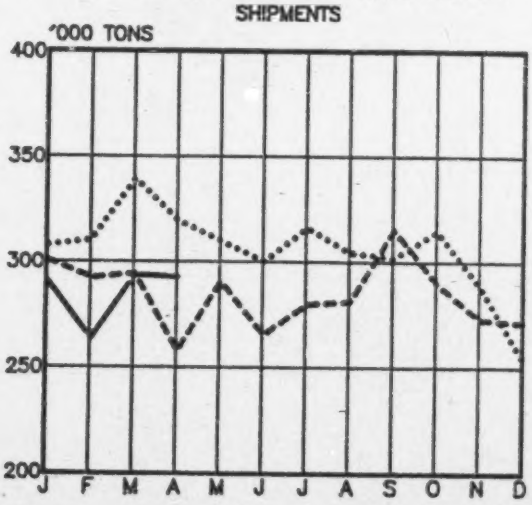
COTTON FIBER PAPER

SHIPMENTS



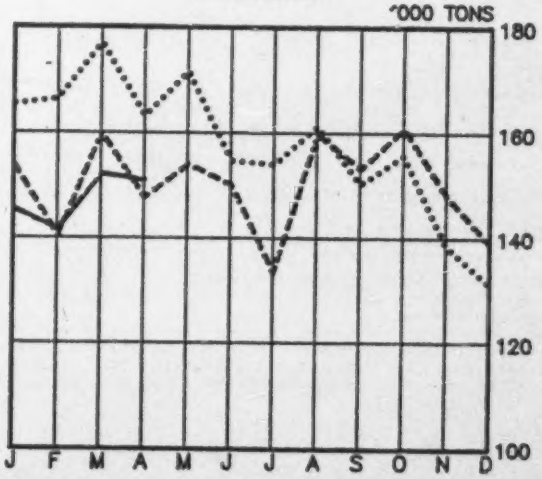
UNBLEACHED KRAFT PACKAGING
AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ····· 1985 - - - - - 1986 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	DEC 1985	JAN 1986	FEB 1986	MAR 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	55470	54170	4385	4846	4407	4856	56434	2.2
- Imports	4490	4466	339	383	335	387	4416	-4.2
- Exports	3594	3791	295	368	342	414	4493	21.8
- New Supply	56367	54844	4429	4861	4399	4829	56357	0.3
Dissolving Pulp - Production	1206	1174	93	107	95	109	1242	-3.6
- Imports	161	175	11	31	13	22	261	33.2
- Exports	595	631	42	55	48	57	641	-11.8
- New Supply	772	718	62	82	60	74	862	13.7
Paper Grades - Production	44690	43696	3555	3931	3576	3934	45763	2.9
Chemical Pulp - Imports	4023	4104	324	348	317	361	4102	-2.2
- Exports	2945	3131	250	310	288	340	3755	28.6
- New Supply	45767	44668	3629	3968	3605	3954	46109	0.8
Groundwood and - Production	5506	5251	408	463	425	467	5419	-0.5
Thermo-Mech. - Imports	306	187	4	4	4	5	54	-75.5
- Exports	54	29	3	2	6	16	98	126.3
- New Supply	5758	5409	409	465	424	455	5376	-4.4
Semi-Chemical - Production	4069	4050	328	346	311	346	4011	-0.8
- Imports			- - - - - Included in Groundwood Pulp - - - - -					
- Exports								
- New Supply	4069	4050	328	346	311	346	4011	-0.8
MARKET WOOD PULP								
Total Market - Production	6898	6800	554	622	589	636	7388	3.9
Wood Pulp - Imports	2968	2791	217	246	221	270	2948	8.7
- Exports	3511	3784	354	389	365	391	4579	29.0
- New Supply	6355	5807	417	479	445	515	5757	-8.2
Dissolving Pulp - Production	1205	1171	93	106	94	108	1232	-4.4
- Imports	204	174	9	26	8	22	223	5.7
- Exports	690	666	68	54	57	55	662	-0.4
- New Supply	718	679	33	78	45	75	793	-5.0
Paper Grades - Production	5680	5605	460	515	495	526	6146	5.8
Chemical Pulp - Imports	2664	2531	206	217	210	244	2683	8.9
- Exports	2821	3117	286	335	308	336	3918	35.8
- New Supply	5523	5019	381	397	397	434	4911	-8.8
Groundwood Pulp - Production	14	24	1	1	0	2	11	-25.0
and All Other - Imports	100	86	3	3	3	4	42	11.6
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	3	4	3	6	53	3.8

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

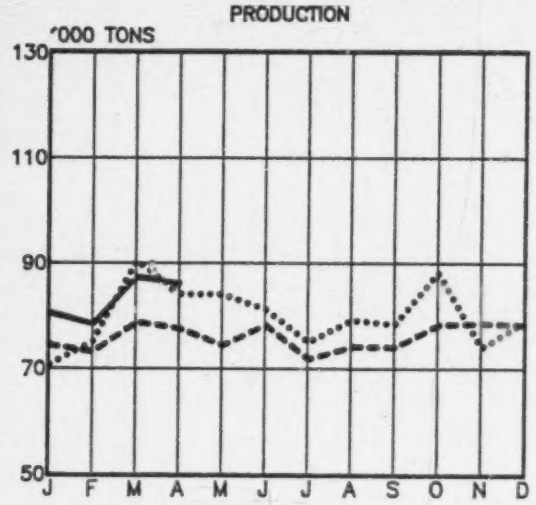
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68623	5538	6114	5564	6166	71375	2.5
Total Wood Pulp	54562	53297	4332	4715	4277	4751	54973	1.8
Waste Paper	15926	15290	1207	1399	1287	1415	16402	5.1
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	174	164	164	165	157	143	143	-25.3
Mkt Pulp at Pulp Mills (Paper Grades)	585	486	486	444	422	372	372	-45.7
Mkt Pulp at Ppr. & Bd. Mills *	545	492	492	504	528	554	554	1.6
Waste Paper at Paper &Bd. Mills	1053	978	978	954	906	874	874	-10.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	30	26	25	20	20	-56.5

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

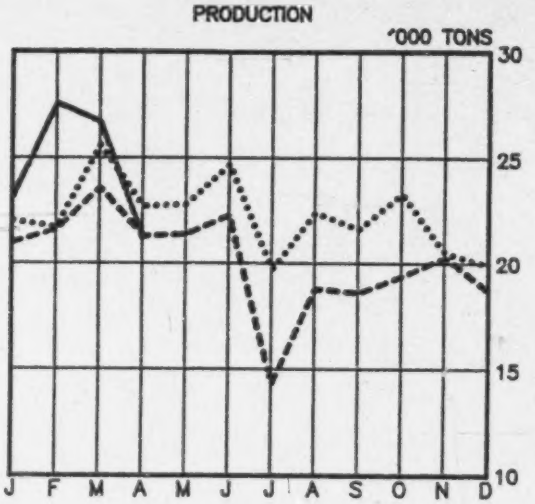
BLEACHED BRISTOLS

PRODUCTION



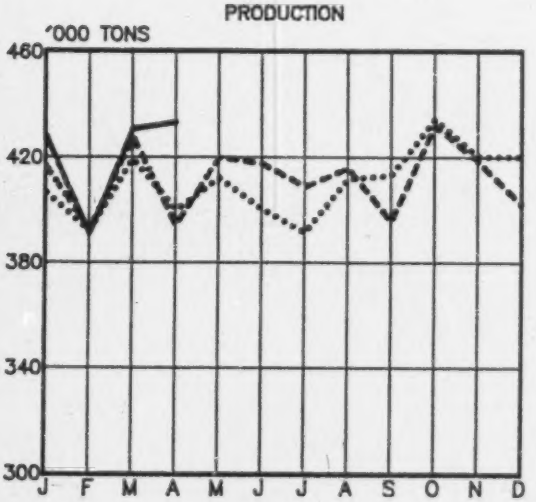
THIN PAPER

PRODUCTION



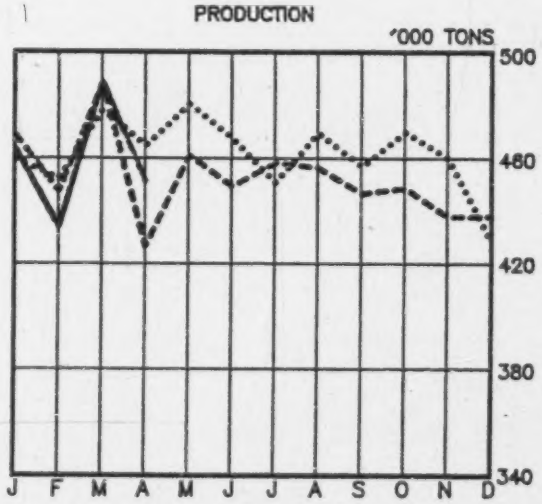
TISSUE PAPER

PRODUCTION



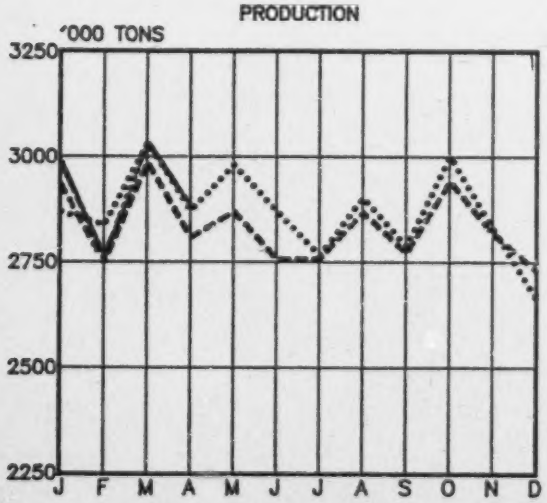
NEWSPRINT

PRODUCTION



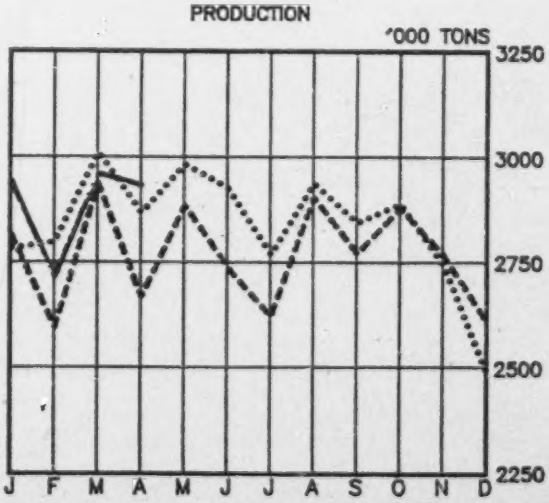
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ····· 1985 – – – – 1986 ———

F I B R O U S R A W M A T E R I A L S

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	DEC. 1985	JAN. 1986	FEB. 1986	MAR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	6861	8088	7483	7294	91460	3.8
	- Total Consumpt	87646	85744	6907	7880	7261	7478	90476	2.6
	- Residues *	32072	30447	2303	2842	2668	2623	32532	8.6
	- Inventories	5574	5046	5046	5491	5807	5433	5433	3.4
So. Atlantic	- Total Receipts	27654	27589	2325	2665	2393	2410	29872	5.7
	- Total Consumpt	27344	27815	2314	2544	2350	2436	29320	3.2
	- Residues *	8198	7970	685	838	772	699	9236	13.7
	- Inventories	1444	1117	1117	1224	1210	1243	1243	-5.3
Northeast	- Total Receipts	7665	7430	621	656	665	625	7784	-5.3
	- Total Consumpt	7474	7394	599	666	601	635	7608	-4.4
	- Residues *	1501	1539	104	110	111	125	1384	-10.8
	- Inventories	590	544	544	500	560	540	540	-15.6
South Central	- Total Receipts	30693	29786	2388	2891	2596	2454	31764	4.5
	- Total Consumpt	30502	29914	2392	2787	2546	2572	31620	2.5
	- Residues *	9059	9207	704	860	764	763	9548	3.8
	- Inventories	1304	1198	1198	1339	1418	1279	1279	20.3
North Central	- Total Receipts	6872	6430	490	620	616	504	6960	-2.2
	- Total Consumpt	6563	6296	506	555	533	548	6544	2.1
	- Residues *	1472	1290	76	97	94	85	1104	-20.7
	- Inventories	906	884	884	976	1061	970	970	-4.8
West	- Total Receipts	15992	14264	1037	1256	1213	1301	15080	6.6
	- Total Consumpt	15763	14325	1096	1328	1231	1207	15384	5.6
	- Residues *	11842	10458	734	937	927	951	11260	16.3
	- Inventories	1330	1303	1303	1452	1558	1401	1401	14.6

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 23-May-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	FEB. 1986 Tons	FEB. 1986 $000's	MAR. 1986 Tons	MAR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	3784	383	356	35	17072	-72.0
Pulpwood chips	788486	21955	60243	1491	76924	2417	823496	-19.8
Wood Pulp, Total	4020736	1385871	310338	98195	349856	111300	3539984	-16.5
Waste Fibrous Materials, Total	144564	26371	14213	2908	13345	2481	163766	3.1
Paper, Board & Products, Total	9734523	4306694	839963	373842	826649	358060	9800304	1.1
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	830910	357026	816451	341081	9686876	0.7
Paper, Paperboard & Products	9380235	4215314	819611	367531	805061	351446	9566410	2.4
Paper & Paperboard, Only	9286488	4073606	810558	350716	794863	334466	9452982	2.0
Paper, Total	9132128	4030872	792432	345879	775653	329129	9253480	1.5
Newsprint	8117986	3496944	705927	302071	697846	288918	8251264	1.2
Printing, Writing & Rel. Pap.	841500	435561	69664	35570	62953	32238	802838	0.3
Pack. & Ind. Conv. Paper	124100	64640	13669	5746	11907	5786	162198	45.5
Special Industrial Paper	3463	5393	525	823	364	618	4587	31.4
Tissue Paper	45081	28334	2647	1669	2584	1569	32593	-35.9
Paperboard, Total	154360	42734	18126	4837	19210	5337	199503	33.7
Convtd Paper&Paperbd Products	93747	141708	9053	16816	10198	16980	113427	53.9
Wet Machine Board	2184	1481	267	185	177	126	2295	36.5
Construction Paper & Board	352104	89898	20085	6126	21411	6489	231599	-34.0

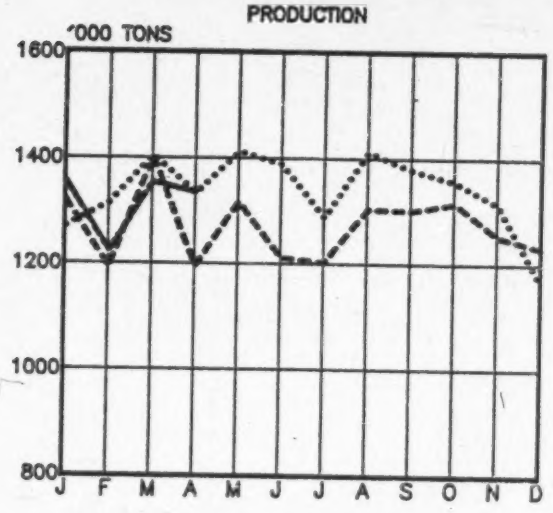
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	985	58	1884	110	12932	-24.3
Pulpwood chips	82626	4780	1987	150	14866	892	69076	61.6
Wood Pulp, Total	203934	79541	23517	6846	22680	6551	295996	24.8
Cotton Pulp & Other Pulp	15083	6252	3597	1069	2472	727	27596	76.7
Waste Paper	209087	23249	11681	1203	14087	1428	175980	-27.6
Paper, Board & Products, Total	736140	485290	74239	38306	81582	38054	957255	32.1
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	61829	25810	70280	26752	797514	42.6
Paper, Paperboard & Products	710785	473839	72122	37351	79534	37115	930190	33.1
Paper & Paperboard, Only	554413	322162	59713	24855	68231	25812	770450	44.4
Paper, Total	271754	223971	24527	16663	30495	17602	330324	6.1
Newsprint	3757	3276	173	142	144	139	2420	-22.8
Printing, Writing & Rel. Pap.	133800	118625	9257	8093	9725	8571	121497	-21.4
Pack. & Ind. Conv. Paper	41327	33536	3760	1473	2767	1685	32592	-39.6
Special Industrial Paper	90071	74893	12614	6583	17630	6860	171218	76.6
Tissue Paper	2799	3641	224	372	230	346	2598	-5.5
Paperboard, Total	282658	98191	35186	8193	37736	8211	440126	98.2
Convtd Paper&Paperbd Products	156372	151676	12409	12496	11302	11302	159740	-3.6
Wet Machine Board	5786	4243	406	310	639	408	6272	24.6
Construction Paper & Board	19570	7209	1711	645	1409	532	20792	0.2

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 23-May-86

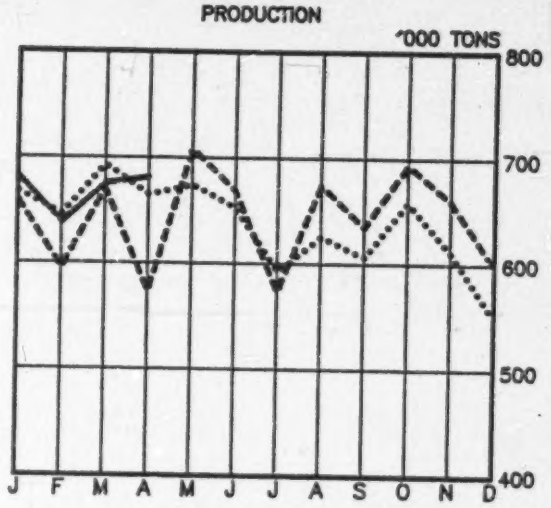
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



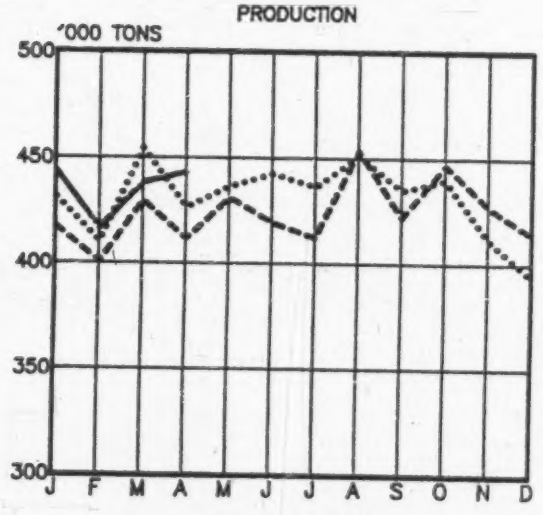
RECYCLED PAPERBOARD

PRODUCTION



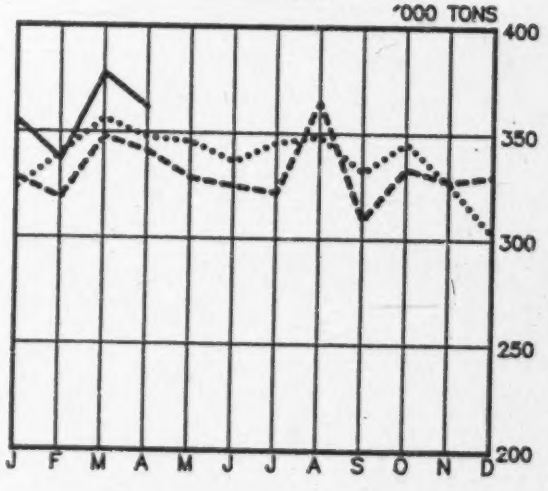
SEMICHEMICAL PAPERBOARD

PRODUCTION



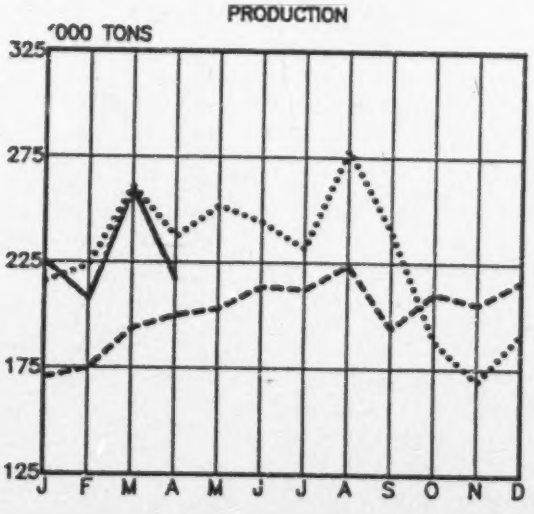
SOLID BLEACHED PAPERBOARD

PRODUCTION



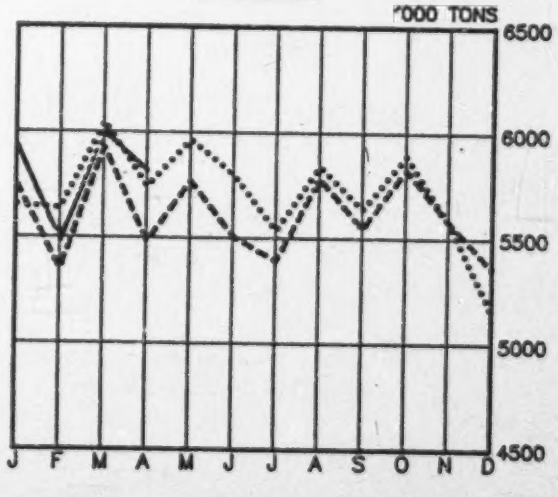
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ····· 1985 - - - - 1986 ——

IMPORTS

	YEAR 1985 Tons	YEAR 1985 $000	1986 FEB. Tons	1986 FEB. $000	1986 MAR. Tons	1986 MAR. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	3784	383	356	35	17072	-72.0
Pulpwood Chips	789382	22006	60349	1502	77471	2474	826352	-19.7
Total All Imports	16156209	7255817	1338964	602656	1379215	621639	16296693	-0.8
Wood Pulp Total	4465746	1520907	334518	104981	386728	123020	4416232	-4.2
Waste Paper	87413	10160	7015	872	10019	963	93836	12.3
Other Fibrous Materials	81430	26949	8516	2829	7630	2552	100393	4.2
Paper Board & Products Total	11521619	5697802	988915	494174	974839	495104	11686232	0.4
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	961021	434621	942771	425057	11348203	-0.4
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	962772	486104	945384	485425	11378216	1.3
Paper & Paperboard Only	10821629	4962757	934878	426551	913317	415377	11040187	0.5
Paper Total	10637428	4906882	915114	420714	889864	408061	10805184	.0
Newsprint	8496568	3638716	721506	308260	707693	300627	8550484	1.0
Printing & Writing	1912867	1116225	168069	97314	159067	92370	1947225	-8.1
Uncoated Groundwood	1027211	530619	89572	48063	80081	43114	964365	-13.8
Coated Print.& Impreg. Pap.	496072	363855	33010	26823	35844	26080	452806	-31.4
Uncoated Free Sheet	364848	198432	35786	19385	39227	20530	484396	54.3
Uncoated Book	200927	106586	16359	9628	20464	11110	241159	55.2
Writing and Similar Paper	163921	91846	19426	9758	18763	9420	243238	53.4
Thin (except Cigarette)	23712	22276	4659	2984	3876	2606	45260	90.4
Bristols	1024	1043	43	59	39	40	398	-55.6
Total Pkg & Other Paper	172003	116390	20395	11754	18279	12095	237603	47.1
Unbleached Kraft Paper	63604	23976	7537	2865	6866	2393	87799	88.7
Other Pkg. & Indust. Paper	108398	92414	12859	8889	11414	9702	149804	30.2
Tissue	55991	35551	5143	3386	4826	2970	69872	28.3
Paperboard, Total	184201	55875	19764	5836	23452	7316	235003	26.8
Test or Containerboard	50975	16846	6306	2006	8111	2681	74440	41.2
Semi-Chemical Corrugating	65203	13706	7129	1392	7725	1561	78046	34.4
Other Paperboard	68023	25321	6329	2439	7616	3075	82517	10.7
Convtd Paper&Paperbd Products	283525	623320	27894	59554	32068	70047	338029	38.9
Paper Products, Total	258934	572316	25866	55386	29716	65109	312473	43.1
Paperboard Products, Total	24592	51004	2028	4167	2352	4939	25556	1.7
Wet machine Board	3270	2585	292	212	614	441	4312	43.8
Construction Paper & Board	413196	109140	25852	7858	28840	9238	303705	-24.6
Notes								
Other: No Weight Avail. ($000)		228219		13895		15992	190652	-3.6
Total Imports Incl. Other($000)		7484036		616751		637631	16487344	-2.3

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	985	50	1884	110	20528	20.2
Pulpwood Chips	2116137	168814	140531	10563	178327	12922	2029604	-9.3
Total All Exports	11261281	4042068	1000487	338673	1168251	386976	12479125	15.5
Wood Pulp,Total	3791102	1352708	341928	114581	413823	134526	4493148	21.8
Cotton Pulp and Other Pulp	107224	71802	25720	9087	14553	7032	194116	109.5
Waste and Old Paper	3285926	349258	276585	27656	315895	31205	3586548	6.4
Paper, Board & Products,Total	4077029	2268300	356254	187348	423980	214212	4605313	15.0
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	315237	130736	383515	157220	4100800	17.9
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	348946	183380	416034	209536	4506422	14.6
Paper & Paperboard, Only	3517311	1548451	307929	126768	375569	152543	4001909	17.5
Paper, Total	779000	594338	73913	51023	78443	56002	857468	0.3
Newsprint	314385	131379	29700	14371	27326	13822	310982	-7.1
Printing & Writing	202826	201845	16254	14912	17624	16133	203352	-7.4
Uncoated Groundwood	36779	31727	4365	2646	5679	3582	52020	33.4
Clay Coated Paper	82461	65710	6302	4738	6651	5183	83887	.0
Uncoated Free Sheet	64573	77929	4336	5549	3964	5405	52031	-33.1
Other Printing & Writing	19013	26479	1251	1978	1330	1963	15414	-18.6
Total Pkg. & Other Paper	243671	242909	27038	20466	32050	24283	329538	22.5
Unbleached Kraft	67695	29931	6459	3083	5074	2173	63944	-14.6
Other Pkg. & Indust. Paper	175976	212978	20580	17383	26976	22109	265593	36.8
Tissue	18118	18205	922	1275	1444	1765	13596	-57.0
Paperboard, Total	2738310	954113	234015	75745	297126	96541	3144441	23.3
Solid Wood Pulp	2492746	872281	204023	68658	267028	90258	2779851	18.9
Total Linerboard	1807151	480909	147646	38776	195200	51000	2023976	20.2
Bleached Kraft Linerboard	130359	45687	15468	4564	11748	3620	137668	-1.0
Unbleached Kraft Linerbd	1676791	435222	132178	34212	183451	47380	1886308	22.1
Other Unbleached Kraft	100651	41053	14544	4433	8413	3605	135604	80.6
Other Bleached Kraft	523091	335026	38946	24695	54011	33437	530059	1.6
Semi-Chemical Corrugating	61853	15293	2887	755	9404	2215	90212	58.8
Recycled Paperboard	245564	81833	29992	7087	30098	6284	364590	71.8
Convtd Paper&Paperbd Products	490910	680143	41018	56612	40465	56992	504512	-4.3
Paper Products, Total	237191	464174	19140	39446	17227	37908	222941	-12.4
Paperboard Products, Total	253719	215970	21878	17166	23238	19084	281571	3.4
Wet Machine Board	13380	6930	1011	459	1167	549	15712	37.3
Construction Paper & Board E	55429	32776	6297	3509	6779	4127	83180	37.9
Notes								
Other: No Weight Avail. ($000)		6618		680		642	8016	22.5
Total Exports Incl. Other($000)		4048687		339352		387618	12887140	1.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	JAN. 1986	FEB. 1986	MAR. 1986	APR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	287.9	289.0	290.1	288.7	-2.5
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.6	290.5	291.5	292.5	291.3	-2.3
Total Wood Pulp	395.0	347.2	331.3	330.2	335.0	333.9	332.6	-8.5
Total Paper	303.2	303.6	301.0	301.4	301.5	303.4	301.8	-1.0
Total Paper, exc. Newsprint	301.2	298.8	295.1	295.6	295.5	297.8	296.0	-1.3
Newsprint	324.1	332.9	324.1	324.8	324.3	324.1	324.3	-2.8
Total Paperboard	280.6	275.5	264.1	262.7	266.1	266.7	264.9	-7.6
Total Paper and Paperboard *	296.1	294.8	289.4	289.3	290.4	291.9	290.2	-2.9
Converted Products	280.7	288.1	285.8	285.7	286.4	287.4	286.3	-1.3
Waste Paper	240.1	148.8	129.1	136.9	139.5	146.7	138.1	-22.0
All Commodities	310.4	308.9	309.0	304.7	300.3	297.9	303.0	-2.0
Industrial Commodities	322.6	324.0	324.0	319.4	314.0	311.3	317.2	-1.8

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

PAPER AND ALLIED PRODUCTS
SALES AND EARNINGS

Millions of Dollars

	Net Sales	Net Profit Before Taxes	Income Taxes	Net Profit After Taxes	Depreciation	Cash Dividends	(1) Net Cash Flow	Stockholder Equity
1980	56,250	4,045	1,245	2,800	2,026	1,057	3,769	24,396
1981	62,699	4,728	1,617	3,110	2,267	1,126	4,251	26,558
1982	60,293	2,120	660	1,460	2,379	1,104	2,735	26,705
1983	65,008	3,424	1,096	2,327	2,607	1,137	3,797	27,219
1984								
1stQ	17,459	1,073	444	629	693	334	988	27,617
2ndQ	18,694	1,523	581	942	699	305	1,336	28,130
3rdQ	18,096	1,451	501	951	706	266	1,391	28,806
4thQ	17,642	765	272	493	700	312	881	28,160
YR	71,891	4,812	1,798	3,015	2,798	1,217	4,596	28,160
1985								
1stQ	17,797	1,161	443	718	765	309	1,174	29,241
2ndQ	18,262	1,358	484	874	761	303	1,332	29,797
3rdQ	17,939	887	286	601	804	302	1,103	29,647
4thQ	17,763	1,018	320	698	777	328	1,147	29,780
YR	71,761	4,424	1,533	2,891	3,107	1,242	4,756	29,780

1) Net Profit after taxes plus depreciation less dividend.

Source: Quarterly Financial Report for Manufactures Mining and Trade Corporation, U.S. Department of Commerce.

use showed a smaller 1.7% gain. This difference reflects the divergent inventory trends of 1985 and 1986. So far this year inventories at mills and box plants have been reduced some 151,000 tons, bringing inventories to 5.0 weeks of supply at the end of April compared with an estimated 5.3 weeks at the start of the year. During these same four months last year, inventories rose by 105,000 tons. Moreover, in April 1986 alone, inventories of containerboard were reduced by 116,000 tons, an indication of futher underlying strength in the demand for containerboard.

Although unbleached kraft linerboard only gained 3.1% over last year, production for export surged 27.6% for the January-April 1986 period, with the other paperboard grades posting similar advances in their production for export: semi-chemical paperboard 16.8%, solid bleached 7.8%, and recycled 76.9%.

Among the non-packaging grades, gypsum wallboard facings were strong at 21.5% over last year and two of the food service grades, milk carton and plate, dish and tray stock, showed particular strength, up 14.3% and 10% respectively.

In sum, it appears that demand for paper and paperboard has maintained the record high levels exhibited since the last quarter of 1985. The over-all rates of production during each of the four months of 1986 have all been well above the record year of 1984.

WOOD PULP

Production of chemical paper grade market wood pulp in the first four months of 1986 rose 6.4% above its year-earlier level to a rate of 6.1 million tons per year; this reflected the steady resurgence in domestic demand for paper and paperboard since the end of 1985 and the record-high level of exports. Shipments of chemical paper grade market pulp to the domestic market rose 2.7% from their year-ago level in January-April 1986 while exports shipments gained 27.2% in the same period. Chemical paper grade market pulp inventories held by producers fell by 114,000 tons during the first quarter.

Total wood pulp production was also strong. At 56.4 million tons per year, the first quarter production rate was 2.2% above its year earlier level.

Consumption of waste paper at paper and paperboard mills rose moderately with the January-March 1986 of 16.4 million tons per year, 5.1% over its year-ago level. In addition, waste paper exports, at 3.6 million tons per year, were 6.4% above their year-earlier level in the first three months of 1986.

Continued on Page 12

SALES AND EARNINGS

The Department of Commerce has recently released data on sales and earnings of paper and allied products companies for the fourth quarter of 1985. This is the only source of current information on detailed income and asset data at the industry level. The Internal Revenue Service publishes annual data at the industry level, but the last such report is for 1983. The Commerce data refer to book values, which are consistent with those published in the financial reports of the various companies; IRS data, of course, summarize the actual income tax returns.

Commerce Department data show fourth quarter 1985 sales of paper and allied products companies at an annual rate of $71.1 billion, 0.7% above the comparable 1984 total. Before tax profits in the fourth quarter of 1985 amounted to $1.0 billion, 33% above the year-ago total, while after-tax profits, at $698 million, were up 42%.

The detailed data published in this report include information on stockholder's equity. Total equity increased from $28.2 billion at the end of 1984 to $29.8 billion at the end of 1985. The return on equity in the fourth quarter of 1985 was at an annual rate of 9.4%, compared to 7.0% in the fourth quarter of 1984.

Total 1985 sales for the paper and allied products companies amounted to $71.8 billion, 0.2% below the record high 1984 total of $71.9 billion.

For 1985 as a whole, before-tax profits of these companies fell to $4.4 billion, 8.0% below the comparable 1984 total, reflecting the market pressures resulting from the strong imports and weak exports on the domestic supply-demand balance. After-tax profits for these companies amounted to $2.9 billion in 1985, 4% below the comparable 1984 total. For 1985 as a whole, the return on stockholders' equity was 9.7%, compared to 10.7% in 1984. Prior to the 1982 recession, the return on equity for these companies was generally above the 11% rate.

First quarter financial reports show improvement in sales and a decline in profits. Data compiled from press reports on 32 paper and allied products companies, accounting for more than 60% of sales of all paper and allied products companies, show sales up 3.3% from their year-ago level in the first quarter of 1986. Even though exports began to rise, short-term market pressures held profits down, and the total for these companies was well below year-ago levels.

The table on page 10 shows data from the income and balance sheets of paper and allied products companies as summarized from the Departments of Commerce's "Quarterly Financial Reports for Manufacturing, Mining and Trade Corporations". The table presents annual data from 1980 to 1983, together with quarterly data for 1984 and 1985.

MAY 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD — Tons (000)	1984	1985	Feb	Mar	Apr	1986	
Total Production (API).....: excluding :...	68449	67230	5476	5994	5812	69617	3.2
Total Seasonally Adjusted....:construction:...			5745	5680	5721	69081	3.2
Imports (including Products).: and wet :..E	10576	11106	963	945	N.A.	11384	1.2
Exports (including Products).: machine :..E	4309	4009	349	416	N.A.	4580	14.4
Apparent Consumption.....: grades :...	74715 a	74327 b	6359	6209	6271	75885 c	2.3
Paper Production % Tonnage Capacity.....	93.4 g	89.7 g	93.4	92.8	90.6	92.4 gh	-
Paperboard Production % Tonnage Capacity.....	94.8 g	90.1 g	93.7	92.2	93.9	93.0 g	-
			Jan	Feb	Mar		
IMPORTS.....:Including Construction and :...	11075	11521	958	989	975	11686	0.4
EXPORTS.....: WMB Grades (excl. NPB) :...	4387	4077	371	356	424	4606	15.1
			Jan	Feb	Mar		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6898	6800	622	589	636	7391	3.9
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4846	4407	4856	56438	2.2
WOOD PULP IMPORTS - TONS (000).....	4490	4466	383	335	387	4417	-4.2
WOOD PULP EXPORTS - TONS (000).....	3594	3791	368	342	414	4494	21.9
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Jan	Feb	Mar		
Wood Pulp.....:consumption for:.....	54562	53297	4715	4277	4751	54973	1.8
Waste Paper.....:construction & :.....	15926	15326	1399	1287	1415	16402	5.1
TOTAL.....: WMB grades :.....	70488	68623	6114	5564	6166	71375	2.5
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7880	7261	7478	90476	2.6
EMPLOYMENT (000)			Feb	Mar	Apr		
Paper and Allied Products.....Total.....	682.3	683.3	682.4	684.9	686.5	684.3	0.8
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	254.2	254.1	254.1	254.5	-2.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	10.99	11.02	11.04	11.02	3.2
Pulp, Paper Mills.....E	12.45	13.11	13.31	13.36	13.35	13.34	4.1
Paperboard Mills.....E	12.99	13.60	13.76	13.87	13.85	13.83	4.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			Feb	Mar	Apr		
:IN PULP, PAPER :...Production Workers.....	125.5	125.5	128.9	128.4	128.6	129.3	3.5
:AND BOARD MILLS:...All Employees.....	123.9	124.5	128.8	128.3	128.5	129.2	4.9
PAPER AND ALLIED PRODUCTS (Million $)			Feb	Mar	Apr		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	8637	8462	8785	138284	6.9
Pulp, Paper and Paperboard*.....	41539	41830	3617	3587	3747	58556	4.1
Inventories (End of Period) - Total Industry*..	9701	9728	9725	9781	9799	9799	1.1
Pulp, Paper and Paperboard*.....	3662	3800	3936	3930	3907	3907	4.9
			1985 Q2	1985 Q3	1985 Q4		
Sales (Corporations Only).....	71891	71761	18262	17939	17763	N.A.	N.A.
Earnings (Corporations Only).....	3015	2891	874	601	698	"	"
Depreciation (Corporations Only).....	2798	3107	761	804	777	"	"
Net Worth (Corporations Only).....	28160	29780	29797	29647	29780	"	"
PRICE INDEXES (Bureau of Labor Stats)1967=100			Feb	Mar	Apr		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	287.9	289.0	290.1	288.7	-2.5
Wood Pulp.....	395.0	347.2	330.2	335.0	333.9	332.6	-8.5
Waste Paper.....	240.1	148.8	136.9	139.5	146.7	138.1	-22.0
Paper.....	303.2	303.6	301.4	301.5	303.4	301.8	-1.0
Paperboard.....	280.6	275.5	262.7	266.1	266.7	264.9	-7.6
PAPER DEMAND (INDEXED: 1977=100)			Feb	Mar	Apr		
Total Paper Production *.....	124.1	123.1	124.9	125.2	123.3	125.3	1.5
Paper New Supply *.....	127.7	128.9	131.2	130.6	129.1	131.0	1.3
Demand Indicators - (Weighted Average) *.....	136.7	142.1	144.3	144.0	145.3	144.7	3.6
Production of Nondurable Goods *...(21.2%).	122.5	125.5	128.7	128.4	128.6	128.7	4.0
Disposable Income .....*.(23.9%)	124.0	126.8	128.9	129.2	129.5	129.0	2.4
Total Printing and Publishing *...(54.9%).	147.8	155.1	157.1	156.4	158.6	157.8	3.9
Trend Factor				Not Available			
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.4	114.9	118.6	115.6	119.2	118.7	4.9
Production for Domestic Use	115.2	113.8	117.5	111.9	117.6	116.7	3.6
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	121.1	121.6	121.9	2.0
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.2	122.2	123.0	123.1	3.2
Production of Equipment *...(5.75%)	140.5	147.1	145.8	144.2	144.2	145.7	-0.1
Production of Materials *...(32.19%)	114.6	114.7	115.5	114.8	114.9	115.4	.0
Trend Factor				Not Available			
NEWSPRINT MARKETS			Jan	Feb	Mar		
Consumption by Publishers - Tons (000).....	12612	12774	1012	968	1081	12244	1.7
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	459.7	460.4	460.4	1841	2.5
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	153040	9595	11852	13733	140720	.0
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	3226	2911	3169	37224	11.8
Inventories (End of Period).	2724	3155	3116	3137	3212	3212	11.8
FIBRE BOX DATA (Fibre Box Association)			Feb	Mar	Apr		
Fibre Box Shipments (Million square feet).....	267549	267451	21714	22451	25174	281667	6.0
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2489	2518	2401	2401	-19.6
RETAIL TRADE (Million $)			Feb	Mar	Apr		
Total Retail Sales *.....	1291835	1378161	117454	116556	116788	1404486	4.0
Nondurable Goods Stores Sales *.....	841417	866541	73754	73189	72591	877821	2.7
GENERAL ECONOMIC DATA			Feb	Mar	Apr		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	125.7	124.9	125.1	125.6	1.4
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	304.7	300.3	297.9	303.0	-2.0
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	311.1	322.2	327.5	326.0	325.3	326.8	2.7
			Jan	Feb	Mar		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	545.0	543.6	545.6	545.6	-0.8
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $.....	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $.....	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

lb/capita

Pap&Papbd Othr Totl Popul(mil)

.a - 631 + 21 = 652 236.7

.b - 624 + 21 = 645 238.6

.c - 645 + 21 = 666 240.0e

.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.

g - Adjusted for holiday shutdowns

h - Adjusted to conform with API Division data

j - Census unpublished data; standard dev. = 6-8%

N.A. - Not Available

Q - Quarter

R - Revised

RS - Revised Series

y - Full year estim. by U.S. Dept. of Com.

* - Seasonally Adjusted.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

May 30, 1986

PRODUCTION (000 TONS)

	Apr. 86	Mar. 86	Apr. 85	Jan. - Apr. 86	Jan. - Apr. 85	% Change 86/85
PAPER GRADES						
Newsprint	451	489	427	1837	1831	0.3
Printing & Writing	1552	1669	1588	6410	6275	2.1
Uncoated Groundwood (s)	120	124	125	487	505	-3.4
Coated Paper (s)	473	504	517	1986	2119	-6.3
Uncoated Free Sheet Paper (s)	839	914	835	3456	3212	7.6
Thin Paper (s)	21	27	21	99	88	12.8
Cotton Fiber Paper (s)	13	13	12	51	49	4.7
Bleached Bristols (s)	86	87	78	332	304	9.3
Tissue Paper	433	431	394	1683	1630	3.2
Total Pkg & Other Paper	443	446	405	1729	1746	-1.0
Unbleached Kraft Packaging & Indl. Converting (s)	293	293	258	1139	1145	-0.5
Other Paper *	151	152	148	590	601	-1.9
TOTAL PAPER	2880	3034	2814	11659	11483	1.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1446	1469	1280	5701	5474	4.2
Unbleached Kraft Linerboard	1334	1354	1194	5264	5108	3.1
Other Unbl. Kraft Paperboard	112	115	85	437	365	19.6
Semichemical Paperboard	443	438	411	1741	1658	5.0
Bleached Paperboard	361	378	346	1431	1344	6.4
Recycled Paperboard	681	675	631	2674	2537	5.4
TOTAL PAPERBOARD	2932	2960	2668	11547	11013	4.8
TOTAL PAPER AND PAPERBOARD	5812	5994	5482	23206	22496	3.2

WOOD PULP (ALL GRADES)	Mar. 86	Feb. 86	Mar. 85	Jan. - Mar. 86	Jan. - Mar. 85	% Change 85/84
Dissolving & Special Alpha	109	95	118	310	322	-3.6
Bleached Sulfite	114	111	123	345	346	-0.2
Unbleached Sulfite	14	13	26	42	63	-32.2
Bleached & Semi-Bl. Sulfate	2045	1894	1993	5967	5745	3.9
Unbleached Sulfate	1762	1559	1750	5087	4964	2.5
Semichemical	346	311	349	1003	1011	-0.8
Groundwood & Thermomechanical	467	425	484	1355	1361	-0.5
TOTAL PULP DIVISION DATA	4856	4407	4844	14109	13811	2.2

(s) - Shipments R - Revised
P - Preliminary